

WASHINGTON STATE DEPARTMENT OF REVENUE



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Due Date for State Tax Return Changes to 20th of Month; Penalties Increase for Late Returns, Assessments, Unregistered Businesses

OLYMPIA, Wash., June XX, 2003—The Legislature has advanced the due date for filing monthly state tax returns and stiffened penalties for filing returns late, not paying all taxes due, and failing to register a business.

A new filing deadline of the 20th of the month becomes effective for monthly returns beginning with the July 2003 return that is filed in August. The prior deadline was the 25th of each month. No changes were made to due dates for quarterly and annual taxpayers.

Beginning July 1, 2003, the penalty rises to 15 percent from a previous 10 percent for returns that are submitted more than 30 days late for quarterly and annual taxpayers and 40 days late for monthly filers.

Penalties were increased to 25 percent from 20 percent for returns submitted more than 60 days late by all filers. No change was made to the existing 5 percent penalty for returns submitted up to 30 days late for quarterly and annual filers and up to 40 days late for monthlies.

The legislation also adds a new 5 percent penalty on additional taxes due when the Department of Revenue bills taxpayers for underpayment of taxes due to errors or omissions on their tax returns. Taxes found due following an audit also will be subject to the new 5 percent penalty, with the penalty rising to 15 percent and then 25 percent if the taxes continue to go unpaid. The Department also will

increase to 10 percent from 5 percent the penalty due when it files a warrant against a taxpayer for unpaid taxes.

"The cost of making mistakes and not filing your returns on time just went up, but we're trying to help taxpayers avoid these penalties," Revenue Director Will Rice said.

He said taxpayers who want to get their returns right the first time should consider using the Department's free Electronic Filing (ELF) service, which reduces the likelihood of making a mistake by automatically calculating taxes due and flagging any potential errors before a return is submitted. It also lets businesses file returns in advance, but delay payment until the due date.

The legislation also imposed an additional 5 percent penalty on unregistered businesses on top of the other penalties and interest that apply to up to seven years of back taxes. Penalties typically will total 35 percent of taxes due, plus interest. In a related action, the Legislature authorized the hiring of more tax discovery officers to find businesses that are not paying their fair share of taxes.

"It's getting riskier to operate without a business license in this state, but we will continue to give unregistered businesses a chance to come forward voluntarily before we find them," Rice said.

He noted that the agency's voluntary disclosure program lets businesses settle back taxes with a look-back period of only four years and full or partial waiver of penalties. This option is open only to unregistered businesses that have not been contacted by the Department yet. More information is available at http://dor.wa.gov/Content/voluntary/vod_main.asp. The department also provides a tax consultation service that advises registered businesses on how to report correctly and a toll-free number, 1-800-647-7706, for taxpayers with questions.

Changing the filing date for taxpayers that file monthly is expected to increase state revenues by \$5.6 million over the next biennium, while hiking penalties and instituting some new ones should bring in an additional \$55 million.

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